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Editorial . . .

Editors may come and editors may go, but the *Quarterly* goes on for ever. This, the first issue of Volume XIX, thanks and congratulates Dwight Ladd, editor of the past three volumes, and wishes him success on the staff at Harvard. Professor Ladd will be on leave of absence from the Business School for two years.

Our fall issue will mark our coming of age. Volume I, Number 1, of the *Quarterly Review of Commerce,* appeared as a student magazine in the fall of 1933. In those days, an editor's term rarely lasted longer than a year. He had to share his studies, sports, and dreams with his editorial chair. Yet year in, year out, new editors began new volumes with the fall issue and ended a year with their summer graduation.

Amidst the wartime shortages of students, staff, and paper, and in the postwar scurry and bustle when students, veterans, wives, and babies all pulled for academic gowns, the *Quarterly* not only fell behind with some issues, but also changed its title to *The Business Quarterly.*

Other changes, too, were imminent. The *Quarterly* had outgrown its annual changes of editors: its business management, its growing lists of subscribers, and advertisers demanded continuity. In 1945, Bob Taylor, then Associate Professor of Business, became the first non-student editor. In 1951, with the appointment of a non-student business manager, the magazine became a faculty responsibility.

After a varied career in government, journalism, army, and public relations, our new editor, Gordon Huson, also combines editing with teaching international trade, finance, and investment management.

THE BUSINESS QUARTERLY

VOLUME XIX Number 1 — SPRING 1954

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About Our Authors . . .

Maurice Lamontagne is Chairman of the Department of Economics, Faculty of Social Sciences, Laval University, and holds his L.Sc. Soc. and M.A. In 1946, and 1948 he was special advisor to the Economic Research Branch, Department of Trade and Commerce, while in 1949, he advised the Royal Commission on Prices. In addition, he served as a member of the Committee on Combine Legislation in 1950. He played an important part in the recent "Canada's Tomorrow" Conference, sponsored by Canadian Westinghouse Company Limited.

Hartley M. Thomas was born in Montreal and received his B.A. in history and economics from Queen's University and his M.A. and Ph.D. from Harvard Graduate School. He continued his studies at Oxford University and, with the exception of ten years spent in the Canadian Army and British Army and Air Force, has since taught at Queen's University, Radcliffe College, and University of Western Ontario. His special fields are Canadian and American history and international affairs.

E. G. Fleming, born in Toronto and now tax commissioner of British American Oil, became interested in assessments during his school years when spending his holidays working at the City Hall. He has been working on taxes and assessments ever since, first at the City Hall and later with oil companies. He feels that assessments

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About Our Authors . . .

are becoming such a major item of company expenditure that more will be heard of and from tax commissioners in the years ahead.

Leonard Harman, onetime secretary of the National Farm Radio Forum, can claim twenty years of activity with farm and co-operative organizations both in Canada and the United States. From a farm in York County, Ontario, in 1940 he joined the staff of the United Farmers Co-operative and has been actively associated with the development of one hundred new local co-operatives across the province. He now lives in Toronto as manager of Locals Sales and Service Division of the United Co-operatives of Ontario, a job which keeps him travelling and still very close to the grass roots. Last summer he attended the Management Training Course at Western.

Edward J. Brower received his B.A. and M.A. from the University of Toronto, the topic of his master's thesis being "Parliamentary Committees in the Canadian Federal Government". In Paris last summer for a holiday, he took a short course on French Civilization at the Sorbonne. He has worked for the Wartime Prices and Trade Board and the Economic Research Branch of the Department of Trade and Commerce and is currently employed in the Industry and Merchandising Division of the Bureau of Statistics. In addition to working with businessmen on statistical problems, he has written extensively but anonymously for official government publications.

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The Government's Future Help to Business

Maurice Lamontagne

What is the future role of government in economic and social affairs? This is one of the most vital and controversial problems of our time, and is a field where conflicting interests as well as opposing ideologies meet. Yet Professor Lamontagne gave his answer at Westinghouse's "Canada Tomorrow" Conference in Quebec last November. More precisely, he attempted to forecast what the economic and social role of government in Canada will be during the next fifty years. Here are his conclusions.

His full paper will be published with the complete conference proceedings, and grateful acknowledgement is given to the Canadian Westinghouse Company Limited and the Macmillan Company for permission to publish these conclusions.

A. The Part Played by the Canadian Government in the Past

Past experience shows that the striking fact has not been so much the extension of government responsibilities as their changing character.

Up to the twenties, government played an active role in the field of long term economic development through its programme of direct public investments and of encouragement to private initiative. It was the real dynamic factor in industrial progress during that period. On the other hand, because of its long term influence over the Canadian economy and because of other features of the industrial structure, short-term economic instability was not so much a problem; to a certain extent, this explains why the responsibilities of the public authority in that respect as well as in the field of social security were almost negligible.

Since the twenties, however, the role of government has followed a different pattern. Long-term economic development has been taken over by private initiative, while public authorities have assumed new and increasing responsibilities, first, in the field of welfare and social security and later, especially since the forties, in respect to short-term economic instability.

It is highly important to note the Canadian past experience, because it shows that there is no basic general trend pointing toward an

increasing role of government in the same direction. It also reveals that political ideologies have not played a decisive influence in determining state responsibilities. On the contrary, the role of government has been primarily functional in character; it has been adapted, with certain lags, to changing economic and social circumstances, which, in the last resort, were determined by the recurrence and the impact of industrial revolutions.

B. The Role of Government in Canada: A Forecast

The recognition of the complementary relationship between private initiative and government action has been the dominant feature of our political history at least since 1867, and there is no evidence at present to show that this long-established tradition might be broken. On the contrary, all the facts indicate that it will be strengthened.

First, the present attitude of the Canadian Government in that regard is clear and has been re-stated on several occasions since the publication of the White Paper on employment and income. Only recently, the Prime Minister, the Right Honourable Louis St. Laurent declared:

> "I think all of us recognize the fact that there are some things which it is more appropriate to have done by public authorities than by free enterprise. But I think we are all most happy when free enterprise does what is required to be done and public authorities do not have to intervene."[1]

On another occasion, he said:

> "I don't think that free enterprise requires that governments do nothing about economic conditions. Governments can—and I believe governments should — pursue fiscal and commercial policies which will encourage and stimulate enterprise and wise government policies can do a lot to maintain the right kind of economic climate."[2]

Secondly, the major political parties recognize this fundamental complementarity existing between private initiative and government action, although they differ slightly, especially during electoral campaigns, on the emphasis to be put on either of these forces. Basically, those parties, once in power, behave according to the same functional principles.

Finally, it is evident that there are differences of opinion among the various sectors of the Canadian population as to what government should or should not do. However, these divergent preferences have not de-

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[1] *House of Commons Debates,* Monday, May 4, 1953, p. 4764.
[2] Statement by the Prime Minister at the Annual Convention of the Canadian Lumbermen's Association, Montreal, February 9, 1953, pp. 9 and 10.

veloped into opposite ideologies. Slogans denouncing the Welfare State or creeping socialism or government controlled by wicked capitalists had to be imported from other countries and were soon found to be unfit for Canadian consumption.

Thus, it may be inferred that the Canadian situation in the future will continue to reflect the equilibrium position and that the basic complementarity between private initiative and government action will be recognized. If, in addition, it is accepted that the actual form of that relationship is mainly determined by the impact of the prevailing technology on the natural resources of a country, it becomes possible to formulate a forecast of the future role of government in Canada in the three important fields of long-term industrial development, short-term economic stability, and social welfare.

The Third Industrial Revolution Privately Financed

The second industrial revolution, which gained its momentum in the twenties and which was based on oil, water and power, electricity, and substitutes for steel, greatly favoured Canada because her natural resources corresponded to the requirements of the new technology. Now, it is generally recognized that the resources of our Northern frontier are abundant, various, and almost untapped. Oil and natural gas production is just beginning, undeveloped sources of water power are still enormous, and new mineral discoveries hardly make the news any more. It is fair to say, then, that for the next four or five decades, investment opportunities will be greater than they have been in the past if the present technological factors continue to prevail.

However, the recurrence of industrial revolutions is the inevitable outcome of scientific progress. Such major technological changes are likely to occur when a new and important source of power that can be economically utilized is discovered. The next one will likely be based on atomic energy. What will be its impact? It will no doubt make power a much more ubiquitous factor than it has been in the past, since its source will become easily transportable. Thus the different regions of the world will be almost equally favoured in this respect. However, countries having abundant and various natural resources will still possess a tremendous advantage. Furthermore, its more likely effect will be to create new investment opportunities leading to the development of new industries and new products rather than to slow down industrial progress based on the old technology. The net result of industrial revolutions seems to consist in developing new techniques and new products without destroying the old ones. If those considerations are justified it follows that the forthcoming technological revolutions will increase rather than reduce investment outlets in Canada.

The normal implication to be drawn from this outlook is that private initiative will continue to play the dynamic and dominant role in the field of long-term industrial development in Canada during the next decades. The role of government will be auxiliary and conditioning. It will consist mainly in maintaining a favourable climate for private initiative and in adopting policies designed to ensure that the natural resources will be rationally utilized to the advantage of the Canadian population.

Government to Maintain Short-Term Stability

This outlook has direct implications on the future short-run situation. Indeed, there is no inherent mechanism in the private economic sector which guarantees stability at full employment levels. On the contrary, the instability described by the trade cycle is now familiar. The successive phases of inflation and unemployment have their origin in the irregularity of investment expenditures and are amplified by the multiplier and acceleration mechanisms. Basically, the equilibrium situation of the system requires the equality of intended savings and investments. This condition is very seldom realized because these two variables are not determined by the same factors; furthermore, even if it is satisfied, it does not necessarily correspond to full employment. The explanation of such a situation lies outside the scope of this essay. For our present purpose, it is sufficient to observe, as it is now generally recognized, that when private initiative plays the dominant role in respect to long-term development it leads almost inevitably to short-term economic instability.

Two other rather elementary observations must be made. First, the majority of the people will not appraise our institutional structure only according to the long-run performance and the ideological value of private initiative; this means that short-term instability will not be accepted. It is even doubtful if another acute depression will be tolerated. Business groups are becoming more conscious of this danger: they are learning to be more practical in their effort to avoid it and less emotional about their ideological preferences. Secondly, it is gradually being recognized that the private sector of the economy cannot undertake the responsibilities of ensuring short-term stability because they would be incompatible to a large extent with its basic motivation. Prosperity ends when pessimistic expectations on prospective profits prevail. Under those conditions, if a high level of activity is to be maintained, the main initiative must come from outside the private sector of the economy, from an institution which is influential enough to produce a sufficient compensatory effect and which does not respond to the profit motive. Only the government is in a position to fulfill that role.

Thus, if the theory developed in this essay holds, the main responsibility of our government in the future will consist in maintaining short-term economic stability. On the success of this vital role will depend the stable level of general welfare and the survival of private initiative in the field of long-term development.

Weapons to Fight Instability

This objective of government action will require the contribution of each sector of general economic policy. Thus, monetary policy, international trade policy, fiscal policy, and public debt management will become the major weapons to fight instability. However, these instruments, to be really effective, must be integrated into a unified plan prepared in advance. In other words, a depression is a danger which is similar in several ways to an aggression. The best defence against it consists in trying to make it impossible and in being prepared to fight it if the attempt to avoid it is unsuccessful. From this point of view, economic preparedness to fight a depression is just as important as military preparedness to resist an aggression. We must also realize that an acute depression might bring a situation which would be very similar to the one which would be created by a successful aggression.

The future role of government in the field of economic stability will be crucial and highly complex. It will require centralized responsibility, growing reliance on expert knowledge and judgment, constant collaboration between the different levels of government, and co-operation from private groups as well as from the people generally. We must be conscious of these essential requirements and act accordingly if we want to avoid a situation of large-scale and dangerous disequilibrium. We must not repeat the error of the late twenties and indulge in unjustified optimism. Finally, it must be remembered that the state of our economic preparedness in case of a depression has progressed much less in recent years than has our military defence network; we devote large sums of money for scientific research to develop new military weapons, but many people, even in government, still believe that economic research should be confined to ivory towers.

No Welfare State

One of the basic features of our political evolution since the twenties has been the growing role of government in the field of social welfare, which includes aid to education and housing, and various schemes of assistance and of social security. This trend has been so marked that governments in the Western World have been frequently described as "Welfare States". In Canada, this movement will still continue to grow rapidly for a certain period because government will assume increased responsibilities in the fields of education, housing, and health. How-

ever, with the adoption of stable and adequate schemes covering these sectors, the major phase in the development of our system of social welfare will be completed since the minimum requirements of the main social needs and risks will have been met. There will be a growing resistance to extending social welfare beyond that point, because people will develop a preference for spending their incomes as they wish rather than pay more taxes. Moreover, the demand for greater social security will be reduced if economic stability is achieved. Thus, after the additions above mentioned will have been made, the task of the future will simply consist in the periodical adjustments of the minimum standards provided by the welfare system to the upward trend of our living conditions.

If we relate this general outlook for the future to past experience, it seems that the past and future evolution of the role of government can be divided into three major periods which are characterized by a specific dominant feature. Before the twenties, the main objective of government policy was long-term industrial development. Since the twenties, the peaceful activity of government has been concentrated on the field of social welfare. However, the responsibilities assumed in this sector will probably lose some of their relative importance. Finally, the major task which lies ahead for government is the field of short-term economic stability. This is probably the most difficult assignment that can be given to government, and yet it is most imperative. If we do not succeed in achieving a satisfactory degree of economic stability, if we do not take the necessary means to avoid inflationary spirals and, above all, acute depressions, then the present foundation of our democratic society is doomed, and we may go through a very dark period before returning to a new situation of stable equilibrium. In the years to come more than ever before, the essential complementarity existing between private initiative and government action will have to be recognized both in theory and in practice.

C. Conclusion—Greater Powers to Bureaucracy and Federal Government

Our forecast concerning the future role of government has several important implications. Two of them, in particular, deserve to be mentioned at least briefly. The first is related to the orientation of federalism in Canada, and the second, to the problem of bureaucracy.

The political integration effected in Canada in 1867 resulted mainly from the unfavourable impact of the first industrial revolution. A vital role was then assigned to government in the field of long-term economic development, and Confederation was the recognition of the fact that only a central authority could effectively assume those heavy respon-

sibilities. That is why the federal government occupied a dominant position in the Canadian federation until the twenties. After the First World War, the initial objectives of Confederation had been achieved, and government intervention in the field of long-term industrial development had ceased to be necessary within the new technological set-up, so that the importance of the federal government was greatly reduced. On the other hand, the rise of the automobile as a new means of transport, the growing importance of natural resources as the foundation of economic development, rapid industrialization, and urbanization contributed to establish provincial legislatures in a dominant position. The Great Depression seems to have brought this phase of provincial autonomy to an end. For various reasons, provincial governments did not provide the most basic measures of social security, and the federal government took the initiative in this field. This trend will be maintained in the future until the minimum requrements of the main social needs and risks are met. Thus, the federal authorities will continue to assume the most important responsibilities of government in the field of social welfare.

In respect to short-term economic stability, the role that can be played by provincial governments is limited because they have no jurisdiction in the field of international trade and of monetary policy; moreover, their borrowing capacity and their fiscal powers are restricted. In addition, it must also be recognized that a stabilization programme requires a central authority and a unified economic policy. All these factors indicate that the federal government will be obliged to play the dominant role in the collective effort to avoid economic instability. Account should also be taken of its vital responsibilities in respect to national defence. Thus the situation which we are now facing has some analogies with the condition prevailing before Confederation. In 1867, political unification was effected under the leadership of the new federal government and around the objective of long-term industrial development. Now, a new federalism is rising with the federal government still in a dominant position but, this time, derived from the aim of short-term economic stability.

In recent years, the rising power of bureaucracy has been criticized and the demand for the restoration of responsible government has become a favourite theme in some circles. It is interesting to note that very often those criticisms were formulated by people who were themselves bureaucrats of the private enterprise sector. Indeed, bureaucracy is not an institution confined to government. It is also growing in business organizations and labour unions.

This trend is brought about by many factors. The first and probably the most important is the large-scale proportions attained by our

economic, social, and political institutions, which have made direct and immediate control almost impossible. A second factor has been the growing complexity of the problem faced by those various organizations. Finally, the progress accomplished by social sciences has given rise to expert and specialized knowledge in this field. As a result of these various evolutions, the reliance on experts has become not only possible but often necessary.

The expansion of bureaucracy certainly creates crucial problems with regard to the democratic control of our private and public institutions. Some people are proposing to solve these difficulties by getting rid of experts. This drastic solution is of course irrational and unrealistic. It is certainly as desirable to be able to rely on specialized advisers in the field of social sciences as it is in the sector of natural sciences. Moreover, this trend toward a certain form of technocracy will almost inevitably be growing; even its critics, if in a responsible position, would not take the risks of refusing expert advice. Thus the society of tomorrow will have to face the problem of bureaucracy. To solve it, it will be necessary to create new methods of democratic control and perhaps also to revise our concept of democracy. A preliminary but essential step in the right direction would consist in getting rid of current prejudices in this regard and in recognizing that the problem is not peculiar to government but that it is also present in business and labour organizations. It might well be that a more enlightened public opinion can provide the only satisfactory and permanent answer to that question, so vital for the future strengthening of our democratic institutions.

Looking Ahead . . .

Among the authors in our Summer Issue we hope to include:-

Dr. W. A. Mackintosh, Principal of Queen's University

Nik Cavell, Administrator of Canada's share in the Colombo Plan

J. Y. Harcourt of the Canadian Civil Service Commission

D. W. Buchanan, Secretary of the National Industrial Design Council.

Are Your Plans in Line with Facts?

E. J. Brower*

Can the statistics collected by the Canadian Government help the businessman? How? And where does he find the important items in the labyrinth of detail? So many figures are available that, in the U.S.A., many guide-books to statistics are now common. Here, in one article, Mr. Brower of the Dominion Bureau of Statistics guides businessmen to the relevant figures for quick profits and long-term planning.

"Fifty years ago businessmen had to get along with a few basic facts, and a feel for the future in the seat of their breeches", according to a recent article in Barron's. Today they are learning the value of a statistical analysis of economic data which will pay dividends equal to those achieved by statistical applications to the productive process and in various quality-control programs. The whole business atmosphere has changed with the increasing application of scientific methods to every field of activity, and the businessman sees himself in a new role and statistics in a new light.

At the outset it is well to remember that the Dominion Bureau of Statistics prepares its material for many purposes apart from business. Examples would include Federal Government policy formulation embracing such items as the budget, taxation, banking, and trade and industry, federal-provincial arrangements including conferences and certain financial agreements, provincial and municipal governments, national defence, Royal Commissions, groups such as the Board of Transport Commissioners, Canadian Maritime Commission, and Air Transport Board, and finally a host of international organizations such as the United Nations, the International Monetary Fund, and the Food and Agriculture Organization.

It would be impossible even to suggest the countless educational, legal, social, and individual uses of our data. Perhaps enough has been said to indicate why we have such a wide variety of material available in addition to statistics specifically concerning business. The foregoing

*The author would like to express his great debt to the Dominion Statistician, the Directors of the Bureau, many other Civil Servants, and businessmen who have been consulted. He assumes responsibility for all errors of omission and commission as well as mistakes in under- and over-emphasis.

is also meant to imply the value of the businessman's vision and insight in making his own relevant selection and analysis of economic material. The purpose of the Bureau is to provide a wide factual background for the creative solution of a problem. Even the large number of examples of the use of our statistics for businessmen given in this article is meant to be no more than suggestive in terms of new and original applications.

For convenience in presentation, the usefulness, for business, of twelve Divisions of the Bureau will be indicated, after which some special attention will be focused on market research. It will be observed that there are four broad aspects of the businessman's interest in our statistics. First, he is interested in people, who are after all the basic resource of any state. Secondly, with more concentration than ever before, he is following the broad, general developments of the national economy. Thirdly, he is finding more statistical material relating to his own particular line of business and is able to assess his comparative position in an industry as he never could in the past. Finally, he is constantly giving more attention to distribution and he realizes the value of statistical techniques in relation to every aspect of merchandising.

The creation and refinement of statistical measurements in these broad areas has shaped the historical fabric of the Bureau's development. At the same time two other factors must be kept constantly in mind. In the background is always the dynamic surge of an expanding Canadian economy. In the foreground is the sharpening of statistical tools and a widening area for their application.

The Census

The work of the Census Division not only precedes any statistical organization remotely connected with the Bureau of Statistics, but goes back to the French Regime when Talon himself personally carried out a considerable part of the first enumeration of 1666, "visiting from door to door all the habitations of Mont Réal, Trois-Rivières, Cap de la Madeleine and all places above Québec". The idea of a regular decennial census was conceived in the 1840's, and we have had regular decennial enumerations from 1851.

The modern businessman regards the Census as a great periodical stock-taking of the Canadian people, designed to show from the widest possible angle the point that has been reached in the general progress of the nation. It is here that he finds basic facts about people, their numbers, sex, age, occupation, origin, language, and education, which not only are of the greatest importance in themselves, but also provide the background against which almost all other facts must be projected if the latter are to have real significance. For example, out of census

data come many solid bases for specialized current series to be carried forward in time. In one way or another all current series are affected by the people — who they are, where they live, what they do, and what they own. In fact, the well-being of the state itself — physical, moral, and economic, including such varied phases as birth and death rates, education, transportation facilities, and financial conditions, can be apprehended and interpreted only through the medium of population statistics.

From this background let us look at some of the significant facts that emerge for the businessman from the 1951 Census. The Census gives him a quantitative pattern of the changes between 1941 and 1951, in terms of our war-altered economy. The businessman must sell his goods in a country in which there have been important shifts in population. Industrialization has taken a long leap forward. The occupations of the people are showing a changed emphasis. More and more people are becoming urban to the loss of rural areas. Farms are becoming more mechanized. The average age of the population is becoming higher. There are many interesting regional population movements. For example, there has been a significant movement into the extreme west; British Columbia has increased her numbers by over 42 percent, and Alberta, by 18 percent. On the other hand, seven provinces did not increase their population to the extent of their natural increase. There have been other important population movements from cities outward to their fringes.

A new development of significance for businessmen has been the provision for tabulating data by census tracts, which is important when a city covers a very large area. Montreal, for example, has over fifty square miles, on each of which lives an average of 20,000 people. To have the facts on Montreal as a whole is not adequate for many purposes, including certain types of market analysis. For instance, perhaps a grocery chain, interested in knowing where the concentrations of population and traffic are to be found, would like to have information for smaller areas. Accordingly, a set of statistical units has been devised, each one of which comprises a few city blocks and contains typically about 5,000 people. For each of these units, called census tracts, a summary of census facts is made, including main occupation, industry, age, conjugal conditions, religion, language, etc.

The businessman is aware of the fact that the constituent elements which go to make up our population have a very important influence on the character of demand in different areas. Areas with exactly equal population will reveal quite different demand potentials for specific commodities as a result of different population characteristics. An interesting illustration of demand variation may be made by comparing

Montreal and Toronto. For example, in age composition Montreal is different from Toronto, the average age being considerably higher in Toronto because of the different birth-rates in the two cities. This different age composition might make Toronto the better market for a specific commodity. On the other hand, Montreal would provide a better market for articles for children.

Place of birth or origin may have a considerable influence on market demand and is well worth study in any merchandising program. It is certain that in numerous instances the demand for commodities in Canada will be influenced to an important degree by the fact that immigrants bring with them the social background of their former home. We have many inquiries from manufacturers for statistics of the origins of the people because they want to cater to some special demand which arises from the past tradition and social habits of a particular origin group in Canada. Moreover, there is a great variation in the composition of different provincial populations which requires analysis for the correct planning of appeals to consumer markets. Language, too, is of the utmost importance when considering any kind of program in Canada's varying regions.

Occupations have undergone considerable changes along with Canada's increasing industrialization. Occupation often gives rise to special commodity demands: for example, manufacturers of certain commodities need to know the number of physicians in the country and their regional distribution. Information of special value to business is available from the question on earnings from salaries and wages. Salaries and wages constitute nearly 60 percent of net national income, and therefore they furnish an important indication of purchasing power which, when classified geographically, is very helpful to businessmen. For example, such information classified by census tracts for the larger cities, would give some indication of areas of low, medium, and high purchasing power. Manufacturers of merchandise of various kinds have used census figures on the distribution of earnings to determine the grade of product which would suit particular markets in different parts of the country.

Together with the Population Census, the Housing Census provides a panoramic view of the Canadian people and gives the manufacturer and distributor a wealth of material for market analysis. The number of owned and rented houses is classified as well as new data on rentals. Comparisons of living conditions in different communities or areas are made possible with some degree of objective measurement. Thus depressed areas, middle-class areas, and economically superior areas are revealed. Conveniences are assessed in terms of lighting and heating

equipment, water supply, plumbing, and facilities for cooking and refrigeration. The number of householders with power washing machines, vacuum cleaners, telephones, and radios is shown.

The 1951 Census of Agriculture measures the continuation of the long-term decline of the farm population, but farm income, on the contrary, shows an increase, and there is a richer farm market today than ever before. Businessmen will benefit greatly through a comprehensive picture of farming activities involving such factors as acreages, production, sales, and implements classified by local areas.

Work of Other Divisions of the Bureau of Statistics

A broad, national, coordinated framework of Canadian statistics was intended at the very inception of the Bureau of Statistics. The Departmental Commission set up by Parliament in 1912 deplored the existing "lack of coherence and common purpose" in Canadian statistics and pointed out that the statistics of a country "should constitute a single harmonious system, with all divisions in due correlation". It was further emphasized that "no comprehensive system at present exists for the collection and publication of the statistics of production and distribution of Canadian commodities within the country itself". While the Office of Dominion Statistician had been created in 1915, the Bureau itself was formed by the Statistics Act of 1918. Structurally this was a consolidation of previous statistical legislation, in particular the Census Act, the General Statistics Act, the Railway Statistics Act, the Criminal Statistics Act, and the statistical sections of other legislation, with additions to render the scheme comprehensive. But the most significant section of the Act was that defining the functions of the Bureau of Statistics as "to collect, abstract, compile and publish statistical information relative to the commercial, industrial, social, economic and general activities and condition of the people".

The acceptance of the wide ramifications of this challenge may be illustrated by a glance at the coverage of a booklet entitled *Current Publications of the Dominion Bureau of Statistics,* obtainable free from the Information Services Division. This Division publishes the *Canada Handbook,* which is a useful survey for the general reader, and the *Canada Year Book,* indispensable for reference. There are also weekly and daily bulletins of D.B.S. releases with short summaries. However, if you have an inquiry involving two or more Divisions of the Bureau, it will be handled by the Information Services Division.

Prices and Employment Division

Prices and employment were among the subjects to receive immediate attention after the Bureau of Statistics was created, and today the

Labour and Prices Division is of vital importance to businessmen. Annual historical records of price indexes are supplemented by monthly releases of the Consumer Price Index and monthly indexes of wholesale, retail, and security prices. Employment indexes are used to measure changing levels of industrial activity throughout the country and are particularly valuable in analyses of situations in various areas and industries. Organizations selecting sites for new establishments examine the monthly and annual reports as indicative of the types and skills of labour likely to be found in particular areas, probable labour costs, and the prevailing hours of work. Employers in the same and different areas and industries measure the experience in their establishments against the general levels of employment, hours, and earnings. Annual data on the number of persons carrying unemployment insurance provide the only current information on numbers employed by detailed occupation classes and are therefore requested and used for purposes of manpower analysis, planning for apprenticeship programs, and other purposes requiring occupational data. Hiring and separation rates by industry and area provide a yardstick against which individual establishments can measure their record of labour turnover.

The uses of price statistics are many and varied. Most familiar to the businessman is the Consumer Index, which is frequently used in the negotiation and escalation of wages and salaries. It is also used for the adjustment of contracts of many kinds whose retail prices affect cost involved, and it is particularly relevant for the valuation of inventory on a constant dollar basis. Wholesale price indexes are used by business in studies of replacement and construction costs in investment projects, analysis of price movements of both individual items and commodity groups in relation to purchases and sales, industrial planning, market analysis, and studies of changes in physical volume. Price index numbers of securities are useful in providing historical records and benchmarks against which to relate the price movements of individual common and preferred stocks.

General Assignments Division

The General Assignments Division is of particular interest to businessmen because of its special statistical services for economic forecasting. The forecasts include Capital Expenditures, Supply of Building Materials in Canada, the Construction Census, and Building Permits, all of which are interrelated. Of primary significance is the *Investment Outlook* report, which gives the anticipated level of capital investment in new construction and machinery and equipment in all parts of the Canadian economy. The size of the intended program for the year ahead is definite evidence of the outlook of management on future business conditions. Investment in new productive facilities is planned, as a rule,

only when market conditions appear favourable for the product to be produced or the service to be provided. Conversely, if economic conditions appear unfavourable, investment in new productive facilities will, normally, be curtailed.

Investment expenditures are, of course, not the only outlays affected in this way by changes in the general business outlook. They are, however, one of the few segments of gross national expenditure on which reasonably accurate advance information may be obtained. In addition, they constitute an important part of all expenditures made in the country each year. Recently they have been running in the vicinity of 20 percent of gross national expenditure. Also, past history reveals that capital outlays tend to fluctuate more sharply with changes in the economic outlook than most other expenditure components and consequently have a greater effect on employment and income levels than would be indicated by their size. For such reasons they are followed with keen interest and have a direct influence on the policy decisions of both business and governments. Credit restrictions, curtailment of construction, and mortgage lending have all been based in part on evidence of future spending patterns as indicated by the investment forecast.

International Trade Division

The importance of the International Trade Division for a country which is the world's largest per capita trader is obvious. In a country like Canada where external transactions are a comparatively important part of economic activity, close attention is given to developments in foreign trade and the balance of payments by all who follow economic trends. The businessman knows that the trade statistics are indispensable in the promotion and development of international trade at home and abroad and have many uses of both a specific and general type. These statistics are used in the negotiation of trade agreements and in arriving at changes in the custom's tariff. They are also very much in demand by all types of official and private users interested in foreign trade. For example, special monthly tabulations showing trade with individual countries are supplied to all Canadian Government Trade Commissioners abroad and to most foreign government representatives in Canada. Special statements are also supplied monthly to about 500 private subscribers, including trade associations, manufacturers, and other businessmen. Apart from being an integral element in the National Accounts, balance of payments data are invaluable for financial institutions and others interested in investments.

Reports issued on international trade range from monthly bulletins and releases concerning statistics only, to annual reports containing interpretation and analysis as well as detailed statistics. In all, there are

some eight monthly bulletins and reports, six annual reports, three quarterly and semi-annual reports, and various special publications. On an annual basis, the most comprehensive details on foreign trade are printed in the three volumes entitled *Trade of Canada,* while textual comment, analysis, and interpretation, along with summary statistics, appear in the *Review of Foreign Trade,* which is both an annual and semi-annual publication. There are also annual reports on each of the *Canadian Balance of International Payments* and *Travel Between Canada and Other Countries,* which contain extensive textual comment and analysis as well as detailed statistics. Statistics of Canada's international investment position have been published in both annual and special reports.

Public Finance and Transportation Division

The Public Finance and Transportation Division covers two fundamental aspects of the Canadian economy. Government finance directly influences such factors as trade, prices, and employment. Moreover, the relationship between public finance and the national economy has become increasingly close in recent years as a result of the gradual growth and expansion in the recognized functions and services of government. Government budgets serve as a medium for redistribution of the national income, and the objects for which public monies are expended are important factors in determining the direction of the productive economy of the nation. This is particularly true of the Federal Government, although the financial policies and budgetary programs of provincial governments can and do have an important influence on local economic conditions. The same may be said in a general way of municipal governments, although they operate in a more restricted sphere, have limited and less flexible taxing powers (mainly real property taxes), and therefore have less flexibility in their budget programs. All this has particular significance for the businessman. The effect of a tax will be influenced by the kind of government responsible for its imposition and the extent of its taxing powers. The best timing for private financing may be dependent on public financing. Such financing may influence to an important degree the character of the bond and stock markets. The extent to which purchasing power will be altered by a tax can be appreciated with any degree of meaningful accuracy only by the careful study of comparative records.

The consideration of transportation statistics brings to mind the saying that Canada itself is essentially a problem in transportation. In a country in which vast distances separate the regional markets and which depends to such an extent on exports, cheap transportation and efficient communication systems are necessities of existence. The transportation is a vital factor in the understanding of economic development. For various reasons business must often study transportation

systems and alternative carriers. Available information for such study includes statistical material on the organization of land, sea, and air carriers, types of vehicles, routes operated, capitalization, amount and kind of equipment, number of operators, quantity and kinds of traffic, ton-miles and passenger-miles of traffic, revenue and expenditures, number of employees and size of payroll, and freight and passenger rates. Various business groups, such as the Canadian Manufacturers Association, use data, published or supplied by the Division, in their annual reports, in the preparation of briefs to regulatory authorities, and for publicity purposes. Businessmen are making increased use of statistics of transportation for new studies of distribution and market research. Current information on car loadings, for instance, is a ready indicator of general market and business conditions. Financial houses use the financial and operating statistics of the various transportation companies, particularly those whose shares are traded on the exchanges or whose bonds are held by investors. Trade and other magazines reproduce a considerable part of the Division's weekly, monthly, and annual transport data for the information of their readers.

Special Surveys Division

The Special Surveys Division is important directly and indirectly to the businessman primarily for its sampling techniques and its management of the regional offices. Census data are brought forward to give, by means of sampling techniques, current information on the size and main characteristics of the labour force as a whole, the agricultural labour force, and the self-employed and those employed in small establishments and in occupations outside the coverage of the Unemployment Insurance Act. Other useful information embraces interprovincial migration, family structure, and housing characteristics. In obtaining current data on population characteristics it was found that a 1% sample was large enough to secure the needed precision on the one hand and small enough to permit reasonable cost, convenient administration, and prompt tabulation and publication of results on the other.

Two other Divisions are utilized in a general way by the businessman in evaluating significant attributes of the Canadian population as a whole or in analysing regional differences. The Health and Welfare Division deals, on a day to day basis, with our human resources — the numerical change and growth of population, the assessment of its physical attributes, and to an increasing degree, the interrelationship between the health of the Canadian people and their social and economic circumstances. The Education Division issues material of wide interest to businessmen in evaluating the needs for technical courses in particular, and even in the broader, more general fields of adult education concern-

ing such activities as listening forums, film screenings, folk schools, workers' education, social-educational (so-ed) activities, and women's institutions.

Agriculture Division

The statistical series published by the Agriculture Division have a broader business application than might be immediately imagined. The Bureau's official crop estimates are widely used by business firms. Financial institutions and transportation agencies which contribute significantly to the smooth and effective movement of grain from farmers' hands to ultimate consumers at home and abroad are particularly interested in early crop production estimates. Knowledge of the prospective size and distribution of the new crops enables financial institutions to make efficient arrangements in advance for credit extension to farmers and marketing agencies. Railways are able to allocate rolling stock effectively and plan train schedules for expeditious movement of the crops to market.

Transportation groups dealing with lake and ocean shipping are also vitally concerned with the present and future position of grain stocks within the country to enable efficient allocation of cargo space. The weekly series respecting receipts and shipments at both country and terminal elevators, stocks on hand and in transit, etc., are designed to meet this demand. Processing firms are also among the principal users of crop statistics. Millers, oilseed crushers, malsters, and others are anxious to know the potential supply position of their raw materials as early as possible. Farm machinery companies plan their season's activities early in the spring and study closely the official crop reports relative to changing demand conditions for their services.

The Division makes semi-annual estimates of numbers of livestock on farms and of farmers' intentions respecting production and disposition of livestock in the months to come. Such information is used by packers, processors, and transportation firms concerned with the procurement and movement of animal products to both domestic and foreign markets. Information on the quantities of perishable food products held in cold storage is in wide demand. Wholesale grocery firms, produce dealers, and brokers have a very direct interest in weekly and monthly statements of the amounts of dairy products, meats, fresh fruits, vegetables, poultry, and eggs which are available for distribution within Canada or for export. Businessmen are interested in current data on per capita food consumption levels. Series of cash and net farm income are used by many industries serving farmers, e.g., farm machinery firms and binder twine, oil, and fertilizer companies use these data to check sales performance and outlook against available purchasing power.

Industry and Merchandising Division

The results of the annual Census of Industry, conducted by the Industry and Merchandising Division, are published in a series of reports which are too numerous to mention, but which are much alike in regard to format. Some idea of the diversity of items to be taken into account, as well as the mass of data made available, may be gained by a count of non-duplicating commodity items on the various schedules, which shows that approximately 3,000 materials and 5,000 products questions are asked. Each individual report gives principal statistics for a period of years and data for the year under review and for the immediate preceding year on employees and their earnings, size of establishments, principal materials used, principal products manufactured, the total Canadian production, and imports and exports of the important commodities made in the industry, as well as a list of reporting firms. Other related statistics are also included as well as a summary of current developments in the industry. Growing out of these individual reports is a general report on the *Manufacturing Industries of Canada,* with a general analysis of the same aspects of production. There is also a further *Geographical Distribution of the Manufacturing Industries.* Finally, there is a *Preliminary Statement of Manufactures,* which, in addition to general statistics, contains advance information on about 1000 important commodities, grouped according to significant production fields.

The significance of this material for the businessman's applied economics scarcely requires mentioning. The businessman can assess the output of his sales against the background of the related industry, province, and business trends. He is able to calculate his own share of the market. He has some guide in estimating the effect of advertising programs. He possesses valuable material for the preparation of briefs relating to prices, tariffs, and taxes. He finds the data useful for deriving productivity ratios for use in wage negotiation and for making inter-industry wage comparisons.

A comparison of a company's operating ratios with those of the industry as a whole can serve a most useful purpose. It is important for firms to know how their costs of materials and wages, for example, compare with the average for their industry. A study of these figures is helpful in determining whether their company is paying too much for its materials per dollar unit of sales. Such study is also an aid in deciding whether their labour force is as efficient as that of the average firm in their industry. A study of their own firm's contribution to the total for the industry for a few years would show them whether in an expanding market, for example, they were getting their share of the increased sales.

Textile firms have found many uses for statistical data. The manufacturers of binder twine make use of Census of Industry material in connection with their anticipated levels of production. The amount of binder twine actually on the Canadian market is derived by taking our production figures, adding imports, and subtracting exports. A great deal of material has recently been used in the preparation of briefs to the Government. Many articles in the *Canadian Textile Journal* are based on D.B.S. figures and our reports on textiles are also often produced in full in the magazine. The detailed figures available have enabled the industry to assess more fully the true impact of imports on various sections. Our data have also helped in long-range planning for the industry, in studying inter-fibre competition, and in projecting new plans for the future.

These reports are only the beginning of what the Division does for industry. On individual request special information is provided. Special assemblages of statistical data are compiled. (In some cases a small fee is charged to pay for a clerk's time.) A central statistical service makes it possible for the small firm to get statistical research done for it more cheaply than it could hope to do with its own facilities. In some industries all the firms have agreed to provide monthly data, and the results are made available to them as soon as they are compiled. For example, stock and poultry feed manufacturers, needing to know shipments of feeds monthly by types of feeds, and by provincial destinations, approached the Bureau with a request that such a survey be inaugurated and pledged adjustment of sales records to provide the information. This series is now of great value to the industry, as well as to the Department of Agriculture, and is a fine example of cooperative effort.

A further word should be added in connection with the basic importance of special regional information which the Bureau makes available. From the available data one can tell what type and what level of manufacturing production is being carried on in each city, town, or any other economic area desired. Often this information is sought by special request and will be provided as long as its release would not reveal the operations of an individual business.

Of special importance in the Division's work is the compilation of commodity statistics, i.e., data on production and consumption of specified manufactured products, without reference to the industry in which they are made. The importance of commodity statistics became very evident during the war, and a number of new series were developed to assist the various government control agencies in solving problems relating to full utilization of resources, rationing, priorities, and allocations. A number of these series were continued by the Bureau after the

war, since they appeared to fill an expressed need by businessmen who wanted to know their own share of the market for particular products, as well as the size and potentialities of the over-all market for particular products. The data are also used in deriving estimates of the Canadian consumption of individual products, the relative competition of imports, and the importance of export trade. In a number of special fields annual data must be supplemented by monthly and quarterly series. A large number of key commodities are treated in this way. They include such items as coal and coke, crude petroleum, natural gas and manufactured gas, refined petroleum products, asbestos, sawn lumber, hides and leather, washing machines and refrigerators, radios, stoves, motor vehicles, footwear, dairy products, margarine, stock and poultry feeds, tobacco, rubber, processed foods and fruit and vegetable packing. Other statistics of this type relating to strategic or important materials are being developed.

Of great interest to business is the monthly series on shipments and inventories. Businessmen find that these statistics shed light on conditions in their own and related industries, making possible inventory adjustments in line with current conditions, and that they are also helpful in appraising current business trends. Publication by industries is as detailed as possible, and the Bureau is always willing to make special indexes for any group of reporting firms when the latter feels that its industry group contains too many varied types of firms. A series of new and unfilled orders is proving a valuable adjunct to the inventory series because such a large proportion of Canadian manufacturing is done on binding orders.

Research and Development Division

The description of the Research and Development Division follows the survey of the specialized functions of other divisions in order to assess more clearly its integrating work which lies at the basis of that keystone of statistics, the National Accounts. Furthermore, it cannot be too strongly emphasized that the Division is of direct use to businessmen in such studies as markets, the relationship of firms to industry, the relative importance of particular industries or commodities in the economy as a whole, and regional variations in incomes and similar factors. A large number of business organizations have shown a great deal of interest in this kind of data, including firms engaged in the production of textiles, automobiles, base metals, electrical equipment, chemicals, films, batteries, petroleum products, and steel, companies engaged in telephone communications and air transport, mail order houses, import and export firms, banks, brokerage and insurance companies, chambers of commerce and trade associations, research firms and foundations, newspapers, and labour and farm organizations.

The publication of the *National Accounts* is now on a quarterly as well as an annual basis. The businessman finds this a congenial type of presentation which seems to do for the whole economy what his own particular balance sheet does for his firm. For many years estimates of national income have been used widely in measuring and analysing the country's economic position. In the early 1940's, however, the Bureau expanded its work in this field into a system of national accounts recording the current income, production, and expenditure. The *National Accounts* are quite simple and straightforward in their conception. They are based on the fact that each payment results in a corresponding receipt. This makes possible the construction of balancing receipts and payments tables for the economy as a whole or for any of its parts. They are of immense importance, for they throw essential light on the economy of the country and on problems facing various economic groups — labour, management, producers, consumers, and government. With a set of accounts to guide him, the business executive is able to visualize more clearly the complex processes which take place in the economy, and to form judgments. His judgments concerning the future are more soundly based when viewed against the record of the past and interrelationships of the present. In any kind of commercial research a knowledge of the national income, how it is produced, and who receives it is of great value to management. Gross national product gives a comprehensive picture of the current output of goods, and national income shows the sources of the purchasing power which provides the markets for these goods.

Another valuable current survey of the Division is the monthly publication entitled *Canadian Statistical Review*. Many businessmen find this one of the most useful documents released by the Bureau. It covers a complete, up-to-date summary of important series of economic statistics on such matters as business indicators, national accounts, industrial production, employment, prices, domestic and external trade, transportation, and finance. The report embodies approximately seventy pages of select statistical series covering the 14 months immediately preceding the month of issue and showing annual data for the last prewar year and the last complete year. It includes a monthly article on current economic conditions. An interesting supplement to the *Canadian Statistical Review* has recently appeared which presents from 1926, or the earliest year for which data are available, to the last complete year, the annual record of all statistical series carried in the regular monthly issues of the *Review*. The Research and Development Division also publishes a useful monthly record entitled *Cheques Cashed in Clearing Centres,* a quarterly record on *Commercial Failures,* and an annual *Survey of Production.* Many businessmen find the indexes of physical volume of production of great use in realistic evaluation of progress. Of great future promise are current

input-output experimental studies which will trace industrial flows from raw materials to finished products.

Market Research

Any discussion of market research must begin with some evaluation of the significance of the Census of Distribution, last taken in 1951. This furnishes once every ten years a comprehensive picture of the distributive and service trades, i.e., wholesale, retail, and service establishments. This nation-wide survey provides a wealth of material not only describing the changes that have taken place in the marketing structure and the channels of distribution, but also a vast amount of information which can be used by business to assist in problems of marketing, sales policy, and advertising.

Changes in the pattern of distribution and services, of interest to the businessman, may be briefly suggested. Distribution censuses have revealed declines in the prevalence of general stores and a change-over from grocery stores and specialty food shops to combination stores; an increase in the variety of goods sold in drug stores; the rise of beauty parlors; the great growth of chain stores; changes in wholesaling practices indicating a trend toward direct marketing as in the case of "cash and carry" or truck jobbers; more recently, the growth of supermarkets. The Census gives quantitative significance to changes that can only be roughly surmised by observation.

That the data furnished by censuses of distribution have been widely used by business is proven by an analysis of several hundred inquiries received to date: 20 percent of the inquiries came from manufacturing concerns; 18 percent were from advertising agencies and research bureaus; 10 percent, from trade associations; 10 percent, from trade journals; 9 percent, from educational institutions; 7 percent, from magazines and newspapers; 6 percent, from retailers; and 4 percent, from boards of trade. These figures, however, do not indicate fully the types of business that used the information. Advertising agencies, for example, used the figures in preparing data for clients, who included manufacturers, wholesalers, retailers, and publishers. Again, while only 6 percent of the inquiries came directly from retailers, many trade magazines and trade associations indicated that they had used the census figures in preparing material for wholesale or retail firms. Large numbers of wholesalers and retailers used the census data through the medium of abstracts in trade journals and other publications. Large retailing organizations obtain census data directly through census reports, while smaller retailers make more use of articles in trade papers.

As to the specific uses to which statistics furnished by the census were put, their application to various phases of market analysis came

first. Included in this broad category were such projects as the determination of consumer demand and potential markets for specified commodities or groups of commodities, the formulation of bases for equitable sales quotas, and the establishment of trading areas. Since only a Census of Distribution can provide a complete and comprehensive picture of the distributive trades, it is not surprising that the use of the census data to study and analyse this general picture of retail and wholesale trade was only exceeded in importance by their application in market analysis. The use of the data as a bench-mark to which annual or monthly trends in wholesale or retail trade could be related ranks high in importance, as also does the application of the census data to planning advertising campaigns and checking their results. The Census of Distribution, more than any other aspect of the Census, is taken with the needs of the businessman in mind. In particular the statistical breakdown by small geographical areas and by kinds of business in wholesale and retail trade and services provides a vast amount of information useful for market analysis.

With the background provided by the Census, the businessman is in a position to utilize effectively current series on sales, inventories, stock turnover, itemized operating costs, gross and net profits. He realizes the value of statistical tools when he is able to see the monthly sales in his industry, to observe current inventory adjustments in terms of raw materials, goods in process, and finished products, and even to have before his eyes indexes of binding orders for the future.

A large Canadian advertising and research agency gives this illustration of one of its assignments: "We completed a report for a U.S. manufacturer who was thinking of establishing a Canadian branch. As an index of potential sales in Canada compared with those in the home territory, he required statistics on Canadian production, imports, exports, and apparent consumption of a number of durable consumer goods, together with data on Canadian labour costs as compared with those in the U.S. D.B.S. made the first part a relatively simple matter, and hourly earnings in the industries concerned were compared with corresponding data from the U.S. Department of Commerce."

Many additional examples could be given. An example of really current statistics is provided by Ottawa department stores. They phone their sales in, and D.B.S. phones back the total. This type of service could be extended if businessmen were interested. Other services of this kind, national in scope, but conducted by mail, have often been instigated at the request of the particular industries concerned.

This co-operative aspect of merchandising statistics should be emphasized. While statistics are being used continually as an aid in the management of retail enterprise of all kinds, the Bureau realizes that the average merchant is not a trained statistical analyst. Consequently, much has been done to simplify the design of our publications. Charts are used for effective illustration of significant trends. Suggestions which the Bureau has received from merchants, and from associations which represent them, have played a considerable part in shaping the program of retail trade statistics. Merchants have written to us frequently for interpretation of reported sales increases or decreases when their own trend has shown a contradictory tendency, and the extensive records contained in Bureau files are a source from which explanations can usually be extracted.

The statistics used in the analysis of commercial problems are of many kinds. Basically, their purpose is to provide measurements, whether in a time series or for comparative purposes at a single point of time. There are still too many companies that measure sales only on the basis of percentage change from a previous period. They could make use of D.B.S. data for a more realistic approach, taking into account the background of national economic conditions, changes in the gross national product, the long-term trend of the economy and of the industry, population, purchasing power, changing consumer demands, effects of changes in the distribution system, and the interrelationships of complex economic factors from which no aspect of marketing can be dissociated.

Even before opening a manufacturing or selling branch, a firm can, by a study of D.B.S. figures, determine the availability of labour and raw materials, as well as the extent of the local competition which will be encountered in the proposed new territory. Again, producers must base future production programs upon the absorptive capacity of the market, correlated to the amount currently available to fill the consumer demand.

In using D.B.S. statistics of merchandising, it is convenient to classify them in four broad categories. The first is retail trade, and dollar estimates of retail trade are made from a sample survey of retail stores. Monthly sales are obtained from a sample of chain store firms which represents about 85 percent of the total sales volume of all chains. The annual report on retail trade is a summary of the monthly retail sales reports with certain revisions and additions. A separate annual survey of all known retail chains is made, and the results from this are added to the independent store estimates. In addition to these sales estimates from the continuing sample, adjustments are also made to measure the increase or decrease in sales due to store "births and deaths" and changes in classification. The monthly and annual results are broken

down by kind of business and province. Statistics on retail consumer credit are also published quarterly and cover thirteen retail trades. Some 2,500 firms are included in this survey, which is on a sample basis.

The second category covers wholesale trade. Monthly and annual statistics on wholesale sales are published in index form from a continuing sample of wholesale firms in nine kinds of business. No revision is made for possible increase or decrease in the number of establishments in operation. The results are published by trade and economic area.

The third category covers services and special fields. This unit compiles and publishes annually statistics on theatres, laundries, cleaners, and dyers, hotels, farm implement and equipment sales, motor vehicle sales, sales financing, and advertising agencies, together with a monthly report on new motor vehicle sales and financing of both new and used motor vehicles.

Finally, the operational analysis unit surveys twenty major retail trades biennially. In alternate years similar studies are made of retail chain stores and ten major wholesale trades. A sample of 17,000 retail stores is canvassed for complete trading profit and loss, and balance sheet data. These surveys provide operating ratios of interest to management. Let us take for an example a grocery store. This store could measure its own results against average trends for such factors as net sales, gross profit, operating expenses, stock turnover, current assets to current liabilities, salaries to net worth, and net profit to net worth. An independent grocer with a sales volume of $175,000 per annum, by obtaining the above ratios for independent grocers in the $100,000 to $200,000 group, will be put in possession of valuable information which can serve as a yardstick in evaluating the efficiency of his operations as compared with other groups of similar size. With these comparative figures on hand, he can obtain some clues as to where savings might be effected or where a change in method of operation might produce better results in the event that the ratios indicated that others in the same field were managing to do better.

A final use of these newer statistical series involves the content of new university courses. Problems in this field are being referred back for extended investigation and are forming the subjects of post-graduate studies and theses. In this way may be sown the seeds of future dividends and from this statistical workshop may be evolved new economic tools.

Statistics and Truth

While we have been dealing in this article mostly with various statistical measurements, we should keep in mind the underlying requirements of the statistical techniques by which we try to arrive at an approximation of significant truth. With the aid of statistics we are able to make numerical statements about our problems instead of vague general comments. With the refinements of sampling theory and scientific measurement we are able to make ever more effective applications of probability theory. Many aspects of life and nature have a regularity that can only be expressed in statistical terms. Probability, in the past described as "only the name we give to our ignorance" and in Aristotle as "that which usually happens", has now become a vital tool of the social sciences. The businessman who says, "Give me the figures", does not know where it may end. He may find that there is scarcely an aspect of his modern life that would not yield a profit with the application of statistical techniques.

The final use of the Bureau is to protect the businessman from statistics! Data that come full of virtue from the statistician's desk are sometimes misinterpreted, distorted, exaggerated, and twisted by salesmen, public-relations experts, and journalists. In our fact-minded culture, the secret language of statistics is misused to confuse, sensationalize, and over-simplify. A recent writer on literature speaks of "one of our favourite sports — frightening one another with statistics, which are the most grotesque false-faces made in our time". What a challenge it is to help try to unmask the real face of our time — and if incompletely, at least without conscious deception and ulterior purpose! In brief, I am trying to suggest the tremendous responsibility inherent in those two sections of the Statistics Act, the general function of organizing "a scheme of co-ordinated social and economic statistics" and the specific duty "to collect, compile, analyse, abstract and publish statistical information relative to the commercial, industrial, financial, social, economic and general activities and conditions of the people."

A Tax Commissioner Looks at Assessments

E. G. Fleming

How will present municipal assessment schemes and possible future changes affect business? Mr. Fleming discusses assessment laws, methods, and rates, their problems, and their impact upon company and municipal budgets. In addition, he comments upon recent reassessment projects and describes how the Canadian Assessing Officers Association is striving for uniformity.

REAL property assessments and taxes these past few years have become an item of major expense not only for the small taxpayer owning a modest home but also for the large commercial and industrial land holders. A more active interest has been stimulated in the official from the city hall who sets the valuation upon which taxes will be calculated. The majority of assessors have welcomed this interest, and they in turn have shown their desire to keep the taxpayer informed.

The almost universal programme of re-assessment has undoubtedly been mostly responsible for creating this change. Re-assessment has achieved a few other worthwhile goals. (1) It has brought assessed values more in line with present-day conception of actual value; (2) it has also brought about a more equalized assessment; and (3) for the first time, many municipalities are assessed on a "system". In some cases, good or bad, it is at least a system and a far cry from the good old days when many assessments were made by copying the previous year's roll.

The degree of accuracy of the assessment returned by the assessor is no different from the job turned out by the engineer or the accountant. The municipality (and indirectly the taxpayer) only gets what it pays for. Until all municipalities come to recognize the assessor as an important official with a heavy burden of responsibility, our property will be assessed by officials without special training and lacking in initiative.

We expect the assessor to provide himself with a clearly defined plan or system which will ultimately produce an equalized assessment. But so far no system or code has been written to take into consideration all factors affecting the value of every industrial, commercial or resi-

dential property which the assessor has to assess. To accomplish this only in part, a code or assessment manual should be written for every type of industrial plant. Regardless of his ability or experience, the assessor cannot be expected to be an expert and conversant with all economic factors affecting industrial values.

The manual used by the assessor is sometimes based on the square or cube method and provides, in many appraisors' opinions, the only realistic approach to the basic value of an industrial plant. The assessor's problem becomes more complex when he arrives at a plant spread over perhaps two or three hundred acres, with a series of buildings to assess that includes a modern office building, buildings housing machinery, and combination buildings constructed for the dual purpose of housing machinery and storage. Steel storage tanks might also be included in the plant's assessable assets.

The assessor faced with the responsibility of assessing this plant obviously requires, and has the right to expect, assistance from the tax commissioner of the industry concerned. In order that he get off to an intelligent start, information regarding size, construction, material, and use should be available to him in connection with each building, tank, or any other taxable structure on the premises.

Once the assessor has this information, then it is a simple matter to apply his code of unit value. But the job is only half completed, and the degree of accuracy of the final assessment will depend on the experience of the assessor and the soundness of his judgment when applying the debits and credits of other factors affecting the value of this plant.

Rental Capitalization Value

Rental value should only be considered in respect to residential and commercial property reasonably well located. The rental value of a plant of major proportions already referred to, obviously, is nil. Such value of large office buildings advantageously located with other similar buildings has merit, but only in the hands of an able and experienced assessor. The following example of the formula set by Mr. A. J. B. Gray, Metropolitan Toronto Assessment Commissioner, ably demonstrates a practical and sound method of assessing office buildings in the Toronto area:

> Assuming the gross normal rents in the year 1951 are $640,000, the assessor would proceed to capitalize these rents in the following manner:
>
> Gross normal rents $640,000
>
> Less land capitalization, based on applying a

factor of 8.43 on the assumed assessed value of the land — $717,275 x 8.43	$ 60,466	
This rate covers interest at 4½% on the assumed assessed value of the land and 3.93% on such value to cover municipal taxes.		
Less maintenance charges estimated on the building, which amount is equal to 40% of the estimated gross rents. This amount is exclusive of any amount for return of capital or depreciation, interest, or taxes on the building value	$256,000	$316,466
Total adjusted rents		$323,534

The total adjusted rents, or in other words, the balance then remaining, is multiplied by 100 and the answer is divided by a factor, 10.93% (or you can take the shorter route and divide the remaining balance by the factor .1093) to obtain the economic or rental value for the building — $323,534 ÷ .1093 = $2,960,054. Either factor is based on allowing 6% interest on the value of the building, 1% on such value for return of capital or depreciation, and 3.93% on such value for taxes. By adding such economic or rental value of $2,960,054 for the building to the land value of $714,275, we obtain a total economic or rental value for the property of $3,677,329.

This system in one series of calculations takes into consideration location and net earning power of that particular block of real estate. Well-constructed office buildings have a maximum earning power of 25 to 50 years or longer. But this is not so of industrial buildings, where obsolescence and depreciation take their toll in a much shorter period of time and on very few occasions are constructed for the purpose of real estate revenue or profit.

Sales Value

The disadvantages of the sales value approach to assessment values far outweigh the advantages. To use this method as a foundation for actual value is to invite a distortion in the resultant assessment. There are too many degrees of so-called willing sellers and willing buyers, and often the intended use of the property by the buyer will influence the purchase price.

Depreciation

The application of depreciation is somewhat involved and is a subject upon which even the most able assessors disagree. However, as depreciation affects some types of buildings more than others, it should be more seriously considered by the assessor. There are three systems

of depreciation: (a) the straight line, (b) the broken line and (c) the reducing balance. First, however, a rate of depreciation must be decided upon, and it is conceivable that the same rates cannot be applied across the board. Neither can the same rates be applied to identical buildings, but used for different purposes.

The first consideration is the estimated life of the building and here many factors will have to be considered. Depreciation affecting industry must be considered on a different plane to that affecting residential or commercial buildings. For example, heavy machinery pounding twenty-four hours a day will shorten the ordinary life of a building. A building that is constantly used by labour or mechanical classes of workmen will also get rough usage.

It is not always practical to use one of the three depreciation methods mentioned. A flat allowance at the time of assessment, perhaps somewhere halfway between the accumulated rate expected at the time of the planned re-assessment, can be used. For example, a building constructed in 1954 has an estimated life of twenty years, and the maximum depreciation allowed in this municipality is 70%, with the agreed-upon rate of 5%. Future re-assessments are planned for every 10 years. Therefore, at the end of ten years the accumulated depreciation would amount to 50%. An immediate allowance for depreciation of 25% can be adjusted during the next re-assessment. This method is not as complicated as some employed by many assessors, but it has the effect of simplifying and lessening the work involved in adjusting assessments each year and eliminates a considerable amount of bookkeeping by the industry.

Obsolescence

Obsolescence is sometimes confused with depreciation and many assessors apply one rate to include both, but in many instances proper consideration is not being given to obsolescence.

Webster's dictionary defines obsolete as "a type of fashion no longer current; out of date". Buildings constructed for a specific purpose have a higher rate of obsolescence than buildings having many alternative uses. Buildings constructed to house machinery have the same obsolescence value as the machinery. Manufacturing machinery in the majority of industries today has a life expectancy of no more than ten years; the moment a new process is developed, that particular machine becomes obsolete, and to replace it often entails the construction of a new building.

Municipal Services

In most larger municipalities the assessor has, by applying the principal factors noted here, arrived at the net assessment figure.

There is another factor seriously affecting industrial assessments not usually encountered by the larger centres: that is, municipal services. The principal function of municipal taxes is to provide funds to the municipality in order to carry out a programme of services demanded by the taxpayer.

Perhaps the principal and the most costly are the schools for our children. Under the present public and high school financial system, industry is contributing, and rightly so, its full share of these costs.

Lack of other services in proportion to the size of the plant entails additional expenditures for private water systems and disposal plants. Expensive fire fighting equipment must be purchased, and company personnel, trained in its operation. A private force of special police is also necessary for the protection of the property. Such services provided by private capital relieve the municipality of considerable capital expenditures and reflect advantageously in the annual municipal budget. But at the same time, they do not lessen the municipality's responsibility to the industrial taxpayer. It would appear that an equalized tax is just as desirable as an equalized asessment, and to arrive at an equalized tax some consideration should be given to lack of services and should be reflected in the assessed value. A somewhat different problem arises when, after several years of industrial residence in an undeveloped area, a municipality, under pressure from newly-arrived residential taxpayers, undertakes to supply water and/or sewer service. In some municipalities the operation and capital costs of pumping and disposal plants are on an area basis and a special tax, called an area tax, is levied against all assessments in this particular area. An additional levy, called a local improvement tax, is charged on a frontage basis against all property (with few exceptions) by which the piping of the project passes.

The question that arises here is whether the industries, with their own private and expensive systems, should be obliged to contribute to both the area charge and the local improvement charge which might be levied on over a mile of frontage.

Industrial assessment is not only desirable, but in a growing residential community is the difference between solvency and bankruptcy. Residential property does not pay its own way to the school system, and as a result municipalities are highly dependent on industrial and commercial assessments to meet increasing school budgets and costs of other municipal services. By the same token, one municipality may be so highly industrialized that it affects the economic structure of its neighbour.

This situation can cause serious financial problems. For example, one municipality has increased its total assessment over 400% since 1950, residential assessment and population remaining at their 1950 level. Over 80% of the workers in this industrial municipality reside in a neighbouring city. The result? Inability to raise sufficient capital compelled the city to delay the scheduled construction of four new schools. This is not an isolated situation and leads one to the opinion that the present system of financial responsibility of schools and public welfare, to name only two, requires drastic changes. If the taxpayers are to enjoy adequate services which each citizen has the right to expect, a reasonable tax levy per capita is an impossible attainment without a generous balance between industrial, commercial, and residential assessments.

It will be a sad day indeed for our country when the educational facilities for children of one municipality, through no fault of its own, are allowed to deteriorate to the danger level, while its more fortunate neighbours draw their workers from one or other of the urban school districts, but are not asked to contribute anything toward the upkeep of education for those workers' children. Expressed in another manner, industries in such neighbouring areas create urban costs and pay rural taxes.

The Business Assessment, as Applied to The Province of Ontario

The additional assessment on property owners and tenants using real estate for business purposes has merit in the taxation scheme of municipal governments, and industry generally recognizes the fairness of this tax. Sometimes its application is not well administered, for example, with respect to those industries establishing a lunch room where, at specific times during the day, coffee can be purchased at cost.

In many instances these coffee shops are operated for the employees by the company at as close to cost as possible, with deficits assumed by the company, and profits, if any, going to an employees' association. These premises, if operated for the employees of a manufacturer, have a 60% business assessment applied to the assessed value of the real estate, but on the other hand, if the shop were leased to a caterer or restaurateur, and operated for profit, a business assessment of 25% would prevail.

Free employee car parking comes under the same principle; a 60% rate is applied to the manufacturer, but if the area is leased to a car park operator for profit, the rate would be 10%. Municipalities are all experiencing traffic problems, of which street parking is of major concern, yet large retail stores offering free parking to customers, thereby

eliminating to some extent the confusion of street parking, are assessed at a rate as high as 35%. On the whole, the business assessment is fair and equitable.

Standardization of Assessment

The value of close liaison and better public relations should not be underrated. Industry does not pretend to understand all the problems of the assessor any more than the assessor can be expected to do a 100% job without cooperation from industry.

Headed by Mr. A. J. B. Gray, an organization meeting was held some time ago to form a Canadian Assessing Officers Association. Such an association would, at an annual convention, hold panels and round table discussions covering the various assessment problems affecting the industrial and commercial taxpayer and the assessor. Undoubtedly gatherings of this nature would create a much better understanding between the assessed and the assessor. Furthermore, the Association could be a central office for the compilation of technical information which would be available to all members.

Canada has ten progressive provinces—and an unestimated number of assessment acts, taxation acts, assessment equalization acts, Cities Act, Towns Act, Village Acts, and City Charters. Of two municipalities adjacent to each other, one will assess personal property, including stock inventories, but does not apply a business assessment, while the other, by virtue of a private bill, elects to use the business assessment method and exempt personal property. When you multiply this situation a hundred fold, the difficulties of an industrial tax department are apparent.

There is no reason to believe that if a thorough study was made of assessment methods on a national scale by the proposed Association, a common act providing for real estate assessments could not be adopted by each province.

Co-operatives: Their Progress and Prospects

Leonard Harman

"Stop and shop at the Co-op, the Co-op Shop", sang Gracie Fields. Longtime cooperator, Mr. Harman, clarifies the objectives of co-operatives and traces the growth of the Canadian co-operative movement. He emphasizes the reasons behind the support co-ops have won, the functions they perform, their organization, the benefits they provide, and their future possibilities.

THE reader's views on co-operatives, like those of the writer, will have been determined by his particular experience and information. You may be with a manufacturing firm that values some of today's well-established co-operatives as customers. You may be engaged in marketing farm produce or distributing farm supplies and have co-operatives among your competitors. Your grandfather may have told you about the hundred dollars he lost in some ill-fated co-operative project. Or "co-operatives" may be a word you read in the newspaper in a discussion on wheat marketing, or income taxes, or self-help projects for undeveloped areas.

If you are a farmer in Canada, or any other modern democratic country, the odds are definitely in favour of your being a member, an owner, and a patron of at least one co-operative. You may buy your feed or gasoline under Co-op Brand. You may market your grain or your milk or your fruit through facilities jointly owned by yourself and other farmers through a co-operative. You may get occasional credit through a co-operative, or prepay your family's hospital care, or share protection against auto accident or fire. Many farmers in Canada use co-operatives for all these services, and the majority, for at least one of them.

Let us examine the origins of this type of enterprise and social organization which has become so significant, particularly in our agricultural life. Frequently people start the story in Rochdale, an industrial town in Northern England. Obviously, efforts of mutual aid in the provision of economic needs originated in the dawn of mankind. But the twenty-eight struggling weavers of Rochdale saved their pennies to launch a plan of economic organization capable of thriving in an industrial era.

The early days of adjustment to the industrial revolution a hundred years ago were marked by a great variety of intellectual stirrings. In Britain were spirited voices as varied as Charles Dickens, Karl Marx, and John Wesley, all calling for changes in people and society. In Denmark, Bishop Grundvig was launching the Folk Schools. The New England poets were proclaiming America, and Lincoln was proclaiming emancipation.

What Is a Co-operative?

A co-operative is an organization of "users" or "patrons". The people who produce and market milk own the dairy plant and control its operations. The people who use the feed own the mill. The people to be protected by the insurance own the company.

The investment of the member-patrons earns only a moderate rate of interest. Control is effected through an annual meeting where each member-patron has one vote regardless of the extent of his investment or custom. Earnings go primarily to the member-patrons in proportion to their use of the enterprise.

Operation is through employed management, accountable to an elected board. Membership is open to those who can be served.

Four Types of Action

The industrial workers of Britain sought four types of social action. There was their struggle for action by governments, eventually governments composed of people elected under the banner of Labour, but by governments of whatever party happened to be in power. There was the organization of labour unions to bargain on wages and conditions of work. There were the projects for learning, such as the Workers Educational Association. And there was the attempt to apply democracy to the field of business through co-operatives. In fact many labour people hoped that they might acquire ownership of the factories in which they worked as well as the stores where they bought their meagre rations.

It was not until fifty years ago that the impact of the industrial revolution on agriculture in America became evident. From self-sufficient pioneer farming we were moving into a period when the welfare of the farm family was no longer determined largely by industrious application of traditional skills. Agricultural science was emerging, with tillage and harvesting machinery, with new knowledge and methods for livestock, for crops, and even for the soil. Colleges and journalists and government officials were eulogizing the growing of two blades of grass where one grew before.

The farmer had mixed feelings about the new situation in which he found himself. Like the industrial worker of half a century before, he arose in a militant protest combining conservatism and radicalism. He was defending his independence and his dignity against the inroads of an urban industrialized society. He was defending himself in the economic squeeze between the costs of his supplies and services plus the overhead costs of land and taxes on one side and limited markets at low product prices on the other.

Response to Economic Forces

Like the industrial worker of Britain the farmer of America sought betterment on four fronts: action by governments, general occupational organization, education, and co-operatives. To some extent the American farmer was moved to emulate the industrial workers of Britain or the people's organizations of Scandinavia. Farm leaders attributed their inspiration to the service concepts of Chistianity and the challenging character of democracy. Frequently they traced their policies to the neighbourly action of the pioneer farm community. In no small measure their behaviour was the product of a kind of economic determinism which recently an Ontario farm boy Ken Galbraith, now a Harvard Professor, has described as "the theory of countervailing power" in his book, *American Capitalism.*

Today co-operatives in Canada are a billion-dollar business. Most of the huge grain crop of the prairies and much of the dairy products of the country are marketed co operatively. The self-help projects of the Maritimes are known throughout the world. The Quebec Credit Unions have assets of two hundred million dollars. The farmers and other consumers own a petroleum refinery in Saskatchewan. There is a national linking of the regional wholesales through Interprovincial Co-operatives. But this article will deal primarily with Ontario.

The United Farmer Movement

Over forty years ago there were more co-operative enterprises in rural Ontario than most people realize: Mutual Fire Insurance, cheese factories, beef rings, and even attempts at a salt well and a twine factory. In 1914, a new organization was launched, the United Farmer Movement. Growing out of the Patrons of Industry and the Grange, United Farmers was to draw the farmers together in the four forms of action listed earlier. There would be a general farm organization, United Farmers of Ontario, and a commercial organization, United Farmers Co-operative Company, joined by interlocking directorates, and by one Secretary who for twenty years was J. J. Morrison.

Early Business Difficulties

Stimulated by the militant farmer enthusiasm of the period, United Farmers Co-operative mushroomed extensively in the early twenties. It marketed livestock and dairy and poultry products. Under the general management of T. P. Loblaw, who later founded the highly successful food chain, it launched fifty branch stores in about a year. Two years later, practically all of these stores were closed, with a loss of some $300,000. While the severe postwar readjustment and political squabbles were blamed for the disaster, a fair portion of the cause must be found in faulty organization and administration. Similarly it is not surprising that many of the local co-operatives of the day failed; in view of the lack of sound organization and experienced business administration, it is remarkable that any of them survived.

During the late twenties and the depression thirties United Farmers Co-operative overcame some of its losses and strengthened its operations under the management of H. B. Clemes. But it was not until the forties that Ontario had the next upsurge of co-operative development.

Many Reasons for New Co-ops

One might define a number of factors leading to co-operative growth at that time:

1. Farmers were smarting under the effects of the depression in the thirties and were convinced that efforts should be made to protect them against a recurrence. While some overestimated the potentialities of co-operatives, they at least found scope here for constructive group effort.

2. There was a high sense of civic responsibility engendered by the challenges of the war. "If some are risking their lives, let others build a better Canada."

3. Many of those disappointed in earlier co-operatives had passed on or had forgotten the few dollars they had lost.

4. Because of wartime demands and technical changes in agriculture, eastern livestock production was growing rapidly on balanced feeds composed largely of Western grain and off-farm concentrates. Here was a field awaiting development.

5. The practical success of co-ops at Ilderton, Oxford, Norfolk, Harrow, Dundalk and other places was an encouraging example.

6. The Rural Co-operator, a paper on farm and co-operative organization, launched by United Farmers in 1936, was stimulating interest and providing information.

7. The young Ontario Federation of Agriculture was encouraging varied forms of rural action.

8. United Farmers Co-operative was ready in 1943 with two programs: one in manufacturing and wholesaling of Co-op Feeds, one in organizing new local co-operatives.

9. A Royal Commission on Income Tax, established as a result of agitation by the critics of co-operatives, provided much favourable publicity. To present the co-operative case many varied groups drew together in the Co-operative Union.

10. Probably the most influential force for new co-operatives was National Farm Radio Forum. With ten thousand people in discussion groups on Monday nights, Ontario had the big concentration of what became recognized as the greatest discussion group program in the world. The Farm Forums did not organize co-operatives, but the people who were in the Forums did organize them. As a result, 70 of the 100 new farm supply co-operatives, which were launched between 1942 and 1947, grew largely out of discussion in the Forums.

Marked Increase in Wholesaling

While the marketing business of United Farmers Co-operative increased, the striking development was in wholesaling and manufacturing of feed and farm supplies. From $200,000 wholesaled to full-time incorporated locals in 1938, the Central grew to wholesaling $15,000,000 fifteen years later. Allowing for a marked rise in prices this represents a thirty or forty fold increase. Local co-operatives which are members of the Central grew to 150. Farmer equity in locals and Central grew to ten million dollars. The Central was reorganized in 1948 under the name of United Co-operatives of Ontario as a federation of the locals, owned and controlled on a democratic basis by some 50,000 farmers, or about half the farmers of Ontario.

At the same time other kinds of co-operatives were developing in Ontario. Co-operators Insurance Association now has 25,000 auto policyholders. Most Ontario Counties have medical co-ops. There are 500 credit unions for savings and credit mostly in the cities. There even is an experiment with a Co-operative Farm this year near Kingston.

Commodity Marketing

While these projects have been going forward in voluntary organizations for business operations, another significant structure has been growing, perhaps more rapidly in Ontario than anywhere else, that is, the Commodity Group, or the Commodity Marketing scheme. Charging

that chaos in the marketing of their products prevented the security and stability necessary for sound food production, some sixteen different groups of producers such as those of whole milk, hogs, soybeans, and tomatoes have organized for planned marketing. The commodity group may be seen as a supplement to the more orthodox type of co-operative, or it may be considered an alternative in modified form. Arguing that authority for control of all their products is essential to stability, producers have secured various Acts to make this possible. By collective bargaining, by planning, by directing movement of the product, in some cases by establishing subsidiary operations actually handling the product, commodity groups are a major factor in agricultural marketing.

Varied Benefits Claimed

The Commodity Groups are confident that their extensive programs level out disastrous seasonal fluctuations in farm prices and build better marketing practices for the benefit of both producer and consumer. The Co-operatives which distribute goods and market farm products in Ontario net a million dollars a year and build most of this up as equity of their farmer-members in revolving funds to expand and improve the services. The medical and credit co-ops boast of serving many people who otherwise would lack such protection. The auto insurance co-op is striving for better claims service and lower costs.

Many co-operators believe that the indirect effects of their organizations are greater than the direct effects. By introducing another operator into business, competition is stimulated with consequent improvement of services and lowering of charges. The co-operative, ever since Rochdale, seeks to operate at reasonable prevailing price levels, but when it is strong enough to exert price leadership, it is under influence through its owners and their elected director representatives to affect price in favour of the farmer. Another more intangible effect is the experience the co-operative gives in responsible, representative democracy. A recent oversimplified statement defines "management" as "the development of people". The progressive co-operative has an objective of developing not only its employees but also its directors and its member-patrons.

Will Co-op Growth Continue?

You may well ask whether the rapid growth of Ontario Co-operatives continues. In co-op auto insurance, yes. In commodity marketing groups, most certainly. In farm supplies distribution, there is a levelling out at present. This is evident in the Central. Over the past three years member-locals have remained about 150 in number, distribution volume

has been about fifteen million, and net earnings, about four hundred thousand; fixed assets after depreciation are increasing only about a hundred thousand dollars a year.

The situation in the locals varies a great deal. Built on a high degree of local initiative and local autonomy, many locals continue to grow aggressively. Others now level out on volume and earnings. A few face serious operating difficulties. Last year there were three locals liquidated with a loss of a hundred thousand dollars of farmer money. Three more small locals petered out. Three small ones were merged as branches of larger locals. Action at these nine points culminated from previous years of sub-marginal operations or faulty management.

Assistance with Administration

A notable trend in Ontario Co-ops in the past three years has been the rapid increase in request from the locals for assistance from the Central on administration. The personnel department of the Central assists with eight out of ten local management placements. Twenty-six local managers are on the staff of the Central and are supervised under management agreements. Experienced co-operative auditing has been arranged. Budgets are being undertaken with thirty locals. Appraisal committees advise on major changes. As farm income becomes less favourable and business operations become more competitive, the growing administrative experience of the Central is sought by more and more local boards and managers.

The most recent emphasis is in Co-op retail planning. An organized advertising program is used by the majority of locals. Advisory committees of local managers recommend methods and draft a seasonal sales calendar. There are numerous staff training meetings on Co-op products and on retailing methods. Patron meetings are increasing rapidly. Three hundred out of fifteen hundred employees of the locals are enrolled in a special correspondence course in "Better Retailing Through Co-operatives".

Factors Deciding the Future

With this rapid growth of Ontario Co-operatives in the forties, what are the prospects for the future? Some people in Ontario Co-ops think the future of the Co-ops will be decided by the effectiveness of their competitors. While no doubt that will have some restraining influence, it may also put co-operatives on their mettle.

Some expect general economic and political conditions to decide the pace of co-ops. Of course co-ops thrive best in an atmosphere of

intellectual freedom; under a dictatorship they are squelched or perverted to the purposes of the ruling clique. They are stimulated by periods of social concern and progressive outlook. They might be aided rather than handicapped by less prosperous economic conditions because people would be more appreciative of the savings co-operatives can offer.

Co-operatives have a good plan, proven over a hundred years. Their limitations are largely internal and administrative. First is the question of basic objectives. In what areas will they plan for serious activity? Will they remain largely rural in an economy which rapidly is becoming more urban? Will the supply co-ops restrict their emphasis to heavy bulk farm supplies like feed, seed, fertilizer, and petroleum, or will they decide to move into more varied hard goods? Assuming that the commodity groups have taken over the initiative on marketing, how far will they go in actual handling of the product by operation of large-scale business enterprise? To what extent will public ownership or public regulation be invoked to achieve objectives for which co-operatives otherwise might gain support?

Local or Large-Scale

The structure of farm and co-operative organization will be a big factor. The size of the co-operative unit is very much under review. The over-emphasis on the autonomous local unit in Ontario has developed some commendable local initiative. But it has resulted in a loosely linked group of retail units which dissipate too much of their energies competing with each other and with the Central. Every effort must be made to maintain and develop a sense of ownership on the part of the farmer-patrons. But some closer relationship between locals and Central will be necessary if the members are to have the values of an integrated program of retailing, reaching through wholesaling to considerable manufacturing. Overcoming the short term local loyalty in favour of loyalty to a larger and more modern structure is a necessity if Ontario Co-operatives are to realize their potential.

While the local or county outlook no longer is adequate for co-operative leadership, we must look even beyond the provincial unit for many purposes. There is a proposal to unite the distributing co-ops of the three prairie provinces in one regional organization. Beyond this the Co-ops should find much of their potential in manufacturing through national or international units.

Strength From Kindred Organizations

Most co-operatives have flourished in conjunction with kindred organizations. It is hard to over-emphasize the importance of Ontario farm co-operatives recapturing their earlier closer contact with Federation of Agriculture and Farm Radio Forums. Of equal importance are

mutual efforts for the farm supply co-operatives and the commodity groups. It will not suffice for the Federation of Agriculture to remain such a loose linking of a great variety of rural groups. Agriculture will have a better future if these groups merge some of their identities and much of their programs within the Federation, as the over-all organization for Ontario farmers.

Watson Porter, in a recent editorial in *The Farmer's Advocate,* deplored the extent to which various branches of farm organization are becoming independent of each other. He called for a planning body to recommend methods of unification. Some such move is long overdue. The establishment of joint office buildings for the various farm and co-operative organizations could be an important step toward unity. The conference of farm organization fieldstaff being proposed by the Economics Department of the Ontario Agricultural College could help draw the groups together. With effective unity among the farm groups they might well be twice as successful as with the present relative independence.

Need For Modern Management

Ontario co-operatives have been slow to recognize many of the requirements of modern management. Four years of a formal program of personnel selection and development show what can be done in this field. Budgeting is beginning to pay off in orderly controls. Influenced by the recent buyers' market, the Co-ops have launched a program of retail planning which should have been put into effect years ago. There seems an expensive reluctance to "lop the mouldered branch away". As in most other enterprises administrative change is following the need, under pressure of circumstances, rather than anticipating the need.

Ontario co-operatives have many friends willing to help them develop strong programs. They need to treasure their relations with the public, with press and radio, with the universities, with other business enterprises. The Ontario Government has provided fewer services for co-operatives, proportionately, than any other provincial government in Canada because it has been asked for less. The Canadian Government has provided less, proportionately, than the United States Government because it too has been asked for less.

Co-operatives have remarkable opportunities in developing a sense of ownership and participation on the part of those who at the same time own and control and patronize the business. They have a "middle-way" philosophy of social change which appeals to many fine people. They have managerial opportunities at least comparable to those of other enterprises. Their growth and success in the future will depend very largely on their vision and enterprise in proceeding with soundly progressive administration.

A Pattern for Canadian History

H. M. Thomas

The Laurentian Shield, an early source of Canadian wealth and communications, is now serving to bring true the dream of Laurier. Dr. Thomas looks on the Shield no longer as a barrier to Canadian growth but as our great unifying heartland.

This is not an historical article in the ordinary sense; most of the readers of *The Quarterly* will know or have at some time known all the pertinent facts. I am trying only to point out a pattern by which to interpret the three and a half centuries of Canadian history, because it seems to me that this pattern is being dramatically clarified by business and economic developments at the present time.

Teachers and students of our history have to deal in succession with the history of Acadia, the history of Canada proper, the history of the Hudson's Bay territories, and the history of British Columbia; only in the last ninety years was there any unity, and then only a political unity. Since then, our difficulty as makers, and not merely as readers, of history has been to create some kind of cultural or economic unity out of this British North America, some parts of which have only assumed the name Canada within the past five years.

The Geographic Divisions

Present-day Canada falls easily into well-known geographical regions. To the east lies the Atlantic-Maritime region which so frequently has been considered a severed extension of New England. It remained severed because even more continuously than New England it looked to the sea. There have been attachments to the West Indies trade; there has been much naval and sentimental dependence on the United Kingdom. For Newfoundland there has been until recently such complete dependence on Britain as to suggest that Newfoundland was merely the most western of the British Isles and hardly of our continent at all. This deliberate severance from the south was perpetuated for the same reasons which kept British Columbia separated from her neighbouring American states. A Yankee Halifax would be merely a poor suburb of Boston and not the port and naval buckler for half a continent. A Canadian Vancouver can carry on the old Nanaimo dreams of the China-trade and preserve the later C.P.R. dreams of girdling half the world through her harbour, while an American Vancouver might be merely a northern collecting post for San Francisco.

Our geographical home of homes is the St. Lawrence Valley and its tenuous connection with the lower Great Lakes of Southern Ontario. This area includes the ganglia of all our communications and consequently creates our main distributing centres. With increasing development of power from the north as well as from the south, it accelerates its effectiveness as a manufacturing centre while remaining the natural commercial and financial capital of Canada, its economic control centre.

But north and west of this original Canada is the great Laurentian Shield, which physically divides Upper Ontario from the St. Lawrence Valley. More profoundly, the Shield not only divides but widely separates the natural control and manufacturing centres of Canada from the wealth of the West. This dividing function of the Shield has existed since at least 1821, when Canada lost control of her fur staple. Even when, during the next long generation, this was replaced by the timber staple, deriving much of its wealth from the Shield, the mass of the Shield (outside ready reach of Laurentian waters) remained the great barrier to the West.

When the Prairies in their own fourth (or fifth) region began profiting early in this century, the great wilderness of Northern Ontario (the very heart of the Shield) added to the cost of everything that went to the Prairies and lowered the profit on everything that they sent East. Much of our economic life was directed to meet this situation which was then a serious handicap to competing with the United States for investment, trade, and population. The American share of the Shield was Upper Michigan, an early source of wealth and not a barrier to modern routes of communication.

The Laurentian Shield — Link Rather Than Barrier

But part of my main point is that historically the Shield was not always a barrier for Canada; quite otherwise. For two hundred years after Champlain (1608) our primary and usually only staple was fur. The St. Lawrence was a base for its exploitation.

Two regions produced the fur in sufficient quantity. First there was the area which after 1717 was called the Illinois country, which was actually centered on what is now the State of Illinois, but which the French attached to Louisiana for government. Nonetheless, it was exploited almost entirely by French Canadians. After the English conquest, it was attached to Canada for government as well, by the Quebec Act (1774). But the region was finally lost politically when it was transferred to the new United States in 1783, and it was finally lost economically after the War of 1812. This political line drawn through the centre of the Great Lakes — so drawn to save the cost of surveying overland — was a line through what had been an economic unit for a century. Indeed, the essential geographical unity of the region continually re-

asserts itself in the long reiterated claims for a St. Lawrence route to the Atlantic. Sometimes this has been little more than an expensive myth, for the route is not so simple as a map without charts or weather legend suggests. But it is vigorously reasserting itself at this moment.

Nonetheless, the great scission was made in 1783; the American boundary was even pushed up to take in part of the Shield; indeed, the new United States boundary actually cut the life-line of the old route to the West from Montreal, the Grand Portage. After that time there was no possibility that Canada could extend to the West by *settlement* (via Chicago and Minneapolis). Henceforth there was to be no easy British route to the West; only by paddling and packing the hard way through the wildest part of the Shield could one reach beyond.

It did not become a serious barrier immediately, however. The best fur still remained in the Northwest, on the Shield, and on the plains accessible only from the Shield. The Shield itself was still essentially part of Canada. Canadians, especially since the great days of that very great Canadian, la Vérendrye (the 1730s), had, in fact, occasionally threatened the Hudson's Bay Company by pre-empting the Shield behind their shivering outposts on the Bay. That prairie country was attached to Canada and alone to Canada well over two hundred years ago. Only as they approached the final wars by which the English conquered all Canada did the Hudson's Bay Company reach inward from the Bay to challenge the Canadian position. Indeed, as late as the 1860s the Canadian government still challenged the right of any British King to award that land to an English company. Properly it belonged to Canada as an inheritance from the French. The West belonged in the 1700s by what ever rights there were, to the men of the St. Lawrence; it was the main source of what little wealth could be found in Canada. Thus the Shield was our economic mother, and the British themselves put the beaver of the Shield on our new British coat of arms, where it remained until 1927.

The Victory of the Hudson's Bay

Then began a war in the West. It was not merely a war between the French and the English; for often in the upper country the racial lines were very confused indeed. It was a fight for the Shield between Laurentian Canada and the Hudson's Bay Company. The fight was never so ferocious as it was in its last fifty years after 1770, when the leaders on both sides were Englishmen and Scotsmen who ruthlessly faced each other, either as Montreal Norwesters or servants of the Great Company. That stage of the war, however, was won by the English company and not by the Canadian, when the Hudson's Bay Company bought out the Canadians in 1821. Probably this was thoroughly good business for Montreal at the time; she could then turn the proceeds of the sale to timber and canals and the other excitements of that business decade. But

it was from that date (1821) that the Shield first became alien to Canada. The descendants of the Canadians who remained in the West, the métis of the Red River, had become very alien indeed by 1869. When Canada did return to the prairies by acquiring the Hudson's Bay lands in 1870, the Shield, no longer the life-line of the Canadian economy, was an administrative and economic nuisance. And so it primarily remained for the rest of that century — the major reason for our normal standard of living and for the security of our economy always remaining measurably below that of the United States.

The Drama of the Railways

The most dramatic of the methods to overcome the wilderness of the north was our railway policy. The creation of the C.P.R., and Confederation, remain the two great memorials to Sir John A. Macdonald. He risked his party and national unity on the issue, as the monied men and railway organizers also risked their money and their careers for this great idea: a railway through the Shield and over the plains to the West Coast.

The prospects for the Prairies, in which the Conservatives, the C.P.R., and their associates just had to believe were unconsciously slow in becoming realities. They did not become so until Sir John A. was dead and his party had collapsed through a simultaneous lack of votes and of ideas. Then came a turn in the economic cycle and an imaginative new government. Sir Wilfrid Laurier and his western lieutenant, Sir Clifford Sifton, were almost as dangerously inspired as had been their great predecessors. They brought the producing part of the West hundreds of miles east of the Rockies and they brought communities to the railway lines. Still the Shield and its problem remained. The Liberals also had a railway policy; two or three at once, in fact. With our old friend, the Grand Trunk, which had a spasm of imagination and efficiency under two terms of Mr. Charles M. Hays as president, and with still more creative speculators, of whom Sir William Mackenzie and Sir Donald Mann are outstanding, the government gave us two transcontinental railways. The War of 1914 came in time to preclude, indeed almost to conceal, our first home-made depression of unemployment; but while the War gave work, the new railways collapsed in more ways than one. And the fundamental problem of geographical division remained, though in somewhat smaller dimensions.

Of course the Shield did not remain entirely barren, even though we could no longer make a new nation through the industry of the beaver. The building of the C.P.R. in the 1880s first exposed the minerals of the North; a generation later this was exceeded during the building of the T. and N. O. and the new transcontinentals. But while this new mineral wealth affected our balance of payments and varied

our extractive industries, it was still not sufficient to solve our problem. The new mines were only mitigations, for the pockets of wealth were too small, in some cases uncertain, and too thinly distributed to overcome the essential and profound geographical cleavage in the new nation.

Canadians became profoundly used to the idea that we were a thin discontinuous line of settlement along the American border. Accompanying our possibly excessive construction of railways, we developed protected industries to give them traffic; we strengthened our banking system to nourish and to tap and concentrate their credit and resources; we created systems of distribution which deserve serious study, for they had some problems different from those of our southern neighbours. But always we were a scattered people geographically. There was a tendency to imagine that we should make economic sacrifices in order to remain, or rather to become, a nation, with the suggestion that to be a little less prosperous than others might have a touch of virtue in it (a queer perversion of the usual Scottish business morality). We had accepted, though for many with deep regrets, our historical, racial and cultural division; so we rather easily assumed the permanence of the geographical division.

Political Half Measures and Compromises

Politicians and parliaments, however, continued in many ways to make the best of this divided world, but along lines that could never be completely logical. Some months ago Principal W. A. Mackintosh of Queen's stated that one of the great advantages for Canadian statesmen in international affairs, an advantage that actually contributed to peace, was that we were a bi-cultural people. He explained this, however, in a striking and, as far as I know, an original way. Canadians in social and religious differences, simply cannot push any issue to its final conclusion; even to a logical conclusion. I suspect that in accepting our regional geographical differences we express a livable but illogical diffidence also in our economic policies. None of our policies were out-and-out. Our tariff protection, for instance, was never absolute. Indeed, we drew behind it essential American industries to help prevent us from becoming American; we created subsidies for heavy industries and then for others; and, when the security of agriculture was seriously threatened in the twentieth century, it became one of our most highly protected industries by means of several expedients, especially after the great depression. Yet no party with a ghost of a chance of achieving power believes in regulation as such. No one ever dreamed that we could be self-sufficient. We remained a nation which far more than most depended on foreign trade for its standard of living. That condition would suggest that we become free-traders. But in fact we have not become so. Both parties followed much the same policies usually; the Liberals regretting one half of it in office, the Conservatives regretting the other half in their rare ascensions to power. A nation strikingly dependent on foreign

trade, we had a complex, if not extreme, system of protection, to give us something to trade. We had to live as a community first.

Naturally there were always critics of our policies. A fluctuating minority tended to throw in the hand and accept immediate, or near future, annexation to the United States. But mainly we sought that most extraordinary of ends, a method of limiting imports while we increased exports. This oversimplification probably touches the point of the matter. We just had to hold together across the several wildernesses; then only could we afford a bold policy of foreign trade.

The Shield of Modern Canada

Now for the great change. This generation of ours has seen the possibilities of a new solution: the final conquest of the Shield. Changes in communications, including the transportation of power, a strengthened apparatus of finance and administration, a considerable increase in basic proficiency, have made the Canada of the 1950s much different from the Canada of Laurier's day, even though it was Laurier who said that the twentieth century belonged to Canada. The new point of view is emerging with an entirely new aspect of the north country generally: not only of the Shield but of its distant frontiers in Alberta and in Labrador and Northern Quebec. The variety, the *wide* distribution, and the likely value for some time to come of our new resources have changed spectacularly, and that change has acquired an almost embarrassing acceleration in the last few years. What were the great barren lands for the administrator, the statesman, and the entrepreneur are now thrusting up new sources of wealth. And it is a wealth easily exploitable under existing financial and transportation resources.

The Shield has not only been returned to Canada as a wealth-producer as it was when men from Canada first opened it to civilized knowledge; but the whole northland lies across our imagination no longer as the barren lands but as an aurora borealis.

Canada no longer lives in defiance of geography, but geography has staged a comeback as our greatest servant. There are only three routes into this continent. One, the Mississippi, concerns us only briefly and not at all since 1815; the second, the Hudson Bay, was for long a gnawing enemy; but the third, the St. Lawrence, returns to its own which is our birthright. We remember now that we are not in fact such a young people. When the Russians were first creeping down Alaska, and the Americans were first daring to cross the Alleghanies, Canadians had forts and posts on the Saskatchewan. That was over two centuries ago. And though the Russians have retired from the continent, it is hand in hand with the Americans that we re-establish the economic pattern of our first founders, both French and English. What is new is not this pattern of ideas, but their coming to life in the work of modern Canadian businessmen now in the 1950s, "From Sea to Sea and from the River unto the ends of the Earth."

Book Reviews

INTERNATIONAL TRADE STATISTICS

Edited by R. G. D. Allen and J. Edward Ely. John Wiley & Sons, Inc., New York. 448 pp.

MANAGEMENT OF FOREIGN MANUFACTURING SUBSIDIARIES

by E. R. Barlow, Division of Research, Graduate School of Business Administration, Harvard University, Boston, Mass. 223 pp. $3.50.

Canadian businessmen contemplating expanding their activities into the export field would do well to consult both these books. The constantly changing character of international trade in the postwar period has emphasized the importance of international trade statistics. The difficulty, however, has so often been to find adequate information. Allen and Ely's volume attempts to guide the reader through the labyrinth of available detail and provide some indication as to how effective use can be made of the more important statistics. The two eminent editors, one British, the other American, have been helped by statisticians and economists from many countries. Among them are Herbert Marshall, the Dominion Statistician in Ottawa, and Messrs. C. D. Blyth, D. H. Jones, L. A. Kane and L. A. Shackleton, all of his Department.

Divided into three sections, the book examines the basic characteristics of straight trade statistics, provides an account of some of their applications, examines the statistical practices of various countries, and includes separate chapters on the trade statistics of both the United States and the United Kingdom. Canadians will be particularly interested by the chapter on the British Commonwealth, largely written in Ottawa, and also by the chapter dealing with trade opportunities in the British colonies and dependencies.

The Harvard book is written in an attempt to encourage American businessmen to enter the field of foreign trade, stressing as have the Randall and so many other reports the importance of international trade and investment. An analysis has been made of the foreign operations of twenty-two American companies, together with their foreign subsidiaries or affiliates, in thirteen different industries, with especial emphasis on Mexico. The book studies the various forms of organization, type of supervision, and ownership policies — all found to be important — but

concludes that the selection of personnel probably represents the most crucial problem of all.

The Canadian businessman planning to set up foreign subsidiaries or affiliates will look in vain for direct guidance and may feel that the author tends to generalize too widely and refuses to come down firmly to earth in favour of one form of organization or another. He may also complain that this exciting field is hardly tackled in an exciting style, but he will be well advised to consult this important guide and learn from the world-wide experiences of the twenty-two leading export companies. He will conclude by being thankful to Mr. E. R. Barlow for his detailed and significant research into the operations of these larger American companies which have engaged very profitably in foreign trade — indeed, more profitably than in their home operations.

—A. Gordon Huson
Associate Professor
U.W.O. School of Business Administration

SOME OBSERVATIONS ON EXECUTIVE RETIREMENT

by Harold R. Hall. Harvard Business School, Division of Research, Boston, Mass., 1953. 290 pp. $3.75.

Several authors, in recent years, have written on the general subject of the problems of retirement and old age. But no one had undertaken to do comprehensive research designed to find out just what business management is undertaking to do about this all important problem, until Professor Harold Hall launched his investigation about three years ago. Just what responsibility does management feel in this matter of meeting the problem of executive retirement, or of retirement of employees in general? This is a question in which every management is vitally interested, and Professor Hall's findings, as presented in his book entitled *Some Observations on Executive Retirement,* represent an important contribution and should be regarded as "must" reading by every businessman.

His findings in the area of financial preparation for retirement are significant enough. Businessmen can find substantial help in orienting themselves in the multiplicity of plans introduced by companies to assist executives in providing for the economic demands of full retirement. However, a substantial part of his research effort was directed at the non-economic factors involved, which may be regarded as equally important, if not more so. The evidence on every hand of the high incidence of "retirement shock" among retirees, whose experiences were studied in the course of the research, indicates unnecessary tragedy in the lives of many people.

This problem of doing something about assisting members of an organization to prepare properly for retirement is being given serious consideration by many forward thinking managements. How widespread an interest this is cannot be revealed from this particular study, because the author has clearly pointed out that the area of study had to be quite narrow. Nevertheless, there is much food for thought for anyone who is interested in formulating company policy designed ultimately to "do a job" for those who are to retire in the next fifteen or twenty years. Perhaps the most significant observation of the entire work is the need to anticipate the problem of retirement fifteen or twenty years in advance of normal retirement age, if an effective job is to be accomplished.

—L. W. Sipherd
Dean
U.W.O. School of Business Administration

"THE TEACHING OF THE SOCIAL SCIENCES IN THE UNITED KINGDOM (and "L'Enseignement des Sciences Sociales en France")

Published by Unesco, Paris, France. Available at University of Toronto Press, Toronto. 144 pps. $1.00.

A series of detailed surveys of teaching of social sciences in various countries have just been published by Unesco. Under the title *The Teaching of the Social Sciences in the United Kingdom,* a 140-page book contains information gathered through an international enquiry conducted by Unesco in eight countries considered as representative of the main trends of teaching: Egypt, France, India, Mexico, Sweden, the United Kingdom, the United States, and Yugoslavia.

Both this volume on England and its sister volume on France (in French) offer a good deal of factual material not available in a comprehensive form elsewhere. Each is divided into five chapters: economics; political science; sociology, social anthropology, and social psychology; international relations; legal education.

An effort is made to present the material in a form that will be practically useful to students. Under economics teaching, for instance, there are analyses of curricula in Cambridge, Oxford, London, Birmingham, Glasgow, Manchester, and Swansea, a listing of entry requirements, and a survey of the relative importance of methods of teaching (such as lectures, classes, seminars, etc.). The chapter on political science teaching similarly covers various universities: Oxford, Cambridge, the London School of Economics and Political Science, civic and Scottish universities. It also takes up the range of tuition and textbooks, examinations and

degrees, and the recruitment of teachers of political science and other openings for students after graduation. The chapter on legal education has sub-sections on conditions in England and Wales, Scotland, and Northern Ireland.

Shortly, a companion volume on the United States is to be issued, while the reports for all the countries surveyed in the international enquiry will constitute still another publication.

—A. Gordon Huson
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COMMERCIAL AGREEMENTS

by Glyn Picton. Bowes and Bowes, Cambridge, England, or British Book Service (Canada) Ltd., Toronto, 1952. 23 pp. 75c.

This pamphlet on commercial agreements is a brief analysis of the form and content of some agreements between firms. It is the first in a series of monographs put out by the Faculty of Commerce and Social Science in the University of Birmingham, England, concentrating on economic institutions, theory, and policy.

The business world, like the political world, has its federations, confederations, alliances, and treaties. This booklet is devoted to a discussion of these treaties, or agreements, varying from vague "gentlemen's agreements" to the more professional and documentary types.

The first part of the monograph deals with the methods or techniques of arriving at a commercial agreement, the forms of documentation used, the status of the negotiators, and the structure of the agreement itself.

The second part is concerned with the varying contents of such agreements, such as the division of markets, exchange of designs, collaboration in research and development, licenses, royalties, and the rights to use a component.

This short descriptive study does not attempt to explore the prevalence of such agreements in British business. North American businessmen and economists, who have long looked to Europe as the home of the Cartel Agreement, will therefore not be able from this study to gauge their effect on the theory of competition.

—Mrs. G. P. Johnson
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